

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY KINSHASA

UNCLAS STATE 122051

E. O. 11652: N/ A

TAGS: ETRN, CG

FROM COMMERCE

SUBJ: CIVIL AVIATION: RECIPROCAL EXEMPTION FROM CUSTOMS
DUTIES AND TAXES ON AIRCRAFT SUPPLIES

1. THROUGH LOCAL ATTORNEYS AIR ZAIRE HAS REQUESTED INTERNAL REVENUE ISSUE CERTIFICATE OF EXEMPTION ALLOWING PURCHASE OF TAX- FREE AIRCRAFT FUELS AND LUBRICANTS IN U. S. ATTORNEYS UNDERSTAND REASON IS AIR ZAIRE DESIRE OBTAIN TAX- FREE FUELS IN CONNECTION TRAINING AND FERRY FLIGHTS OF AIRCRAFT IT PURCHASES IN U. S.

2. IRS WILL NOT ISSUE CERTIFICATE UNLESS INFORMED ZAIRE IS RECIPROCATING COUNTRY WITHIN MEANING SECTION 4221 INTERNAL REVENUE CODE.

3. SECTION 4221 PERMITS EXEMPTION OF AIRCRAFT OF FOREIGN REGISTRY ENGAGED IN FOREIGN TRADE WITH U. S. FROM U. S. INTERNAL REVENUE TAXES ON AIRCRAFT SUPPLIES, I. E., FUELS, LUBRICANTS, COMMISSARY STORES, SPARE PARTS, IF COUNTRY OF REGIS-
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TRY IS FOUND BY SECRETARY OF COMMERCE TO GRANT SUBSTANTIALLY RECIPROCAL PRIVILEGES TO U. S. AIRCRAFT.

4. SECTION 309 OF TARIFF ACT OF 1930 CONTAINS SIMILAR RECIPROCITY PROVISION COVERING EXEMPTION FROM CUSTOMS DUTIES AND IMPORT TAXES ON IMPORTED AIRCRAFT SUPPLIES, INCLUDING GROUND EQUIPMENT AS WELL AS CATEGORIES MENTIONED IN PRECEDING PARAGRAPH.

5. COMMERCE UNDERSTANDS ZAIRE TECHNICALLY IMPOSES DUTIES AND TAXES ON JET FUEL AND LUBRICANTS BUT REFUNDS THEM IN A BOOKKEEPING TRANSACTION, EXEMPTS COMMISSARY STORES BUT IMPOSES CUSTOMS DUTIES OF 50 PER CENT AD VALOREM ON SPARE PARTS, AND DUTIES RANGING FROM 15 TO 35 PER CENT ON VARIOUS CATEGORIES OF GROUND EQUIPMENT.

6. IN ORDER TO ISSUE APPROPRIATE FINDINGS UNDER BOTH RECIPROCITY STATUTES, EMBASSY IS REQUESTED TO VERIFY ABOVE DATA ON CUSTOMS AND TAX TREATMENT OF U. S. COMMERCIAL AIRLINE. IF INFORMATION PROVES CORRECT, COMMERCE PROPOSES ISSUE AFFIRMATIVE FINDING LIMITED TO FUELS AND LUBRICANTS, LEAVING OTHER CATEGORIES IN ABEYANCE FOR TIME BEING. ROGERS

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